

COPY

DDC# 9702222

DECLARATION OF PROTECTIVE COVENANTS
THE TRAILS AT CARRIAGE HILLS, SECTION 1
TRAILS AT CARRIAGE HILLS ASSOCIATION, INC.

KNOW ALL MEN by these presents that RAYCO, LTD., a Texas limited partnership ("Rayco"), acting by and through duly authorized persons and partners (sometimes hereinafter sometimes referred to as "Declarant"), being all of the owners of that certain land described as follows:

Lots 1 through 4, Block A, inclusive 4
Lots 5 through 15, Block A, inclusive 11
Lots 18 through 48, Block D, inclusive 31
Lots 16 through 25, Block F, inclusive 10
Lots 24 through 30, Block G, inclusive 7
Lots 1 through 25, Block H, inclusive 25
Lots 1 through 11, Block J, inclusive 11

all in The Trails At Carriage Hills, Section 1, according to plat thereof recorded in Cabinet N, Slides 387 - 391 inclusive, of the Plat Records of Williamson County, Texas;

and desiring to establish and carry out a uniform plan for the use, occupancy, ownership and improvement of all residential lots in said subdivision for the benefit of the present and future owners of said lots, said owners do hereby declare, establish and adopt certain reservations, restrictions, covenants and easements (hereinafter referred to as "Restrictions"), which shall be applicable to the use, occupancy, ownership and improvement of all residential lots in said subdivision (the term "lot" as used herein shall include any residential building site created by consolidation or re-subdivision of the originally platted lots, as permitted herein), and every contract, conveyance or other transfer of title hereafter executed with respect to any residential lot or lots in the aforementioned subdivision shall conclusively be held to have been executed, delivered and accepted subject to the following Restrictions, regardless of whether or not said Restrictions are set out in full or are incorporated by reference in said contract, conveyance or other transfer of title.

The term "Declarant" as used herein shall include any person, partnership, corporation or other entity that acquires in a single transaction not less than twenty (20) residential lots for purposes of development or residential construction.

The terms "residential lot" and "lot" as used herein shall include all lots described above except any lot that may be owned or acquired by the Association which lot shall be deemed Common Area for so long as such lot is owned by the Association, unless such property is acquired by foreclosure, in which event the foreclosed property shall be sold as

provided in Article 18 herein. The term "Association Property" shall include Common Area and all personalty owned whether located on Common Area or not.

It is specially provided that any tract designated on said recorded plat of the aforementioned subdivision as "Unrestricted Reserve", or designated on said plat as being dedicated for a specific use other than residential, shall remain unaffected by these Restrictions.

Article 1. Land Use And Building Type

All lots subject to these Restrictions shall be used only for single-family residential and townhouse purposes and no building or structure shall be erected, placed, added to or altered on any lot except a single family residential dwelling not exceeding two and one-half stories of living area in height or townhouse unit not to exceed three stories in height; provided, however, that an attached or detached garage including servants' quarters or garage apartment, or other approved accessory building or structure (for example, a swimming pool for personal use of lot owner), may be situated on any such lot. Each owner of any lot subject to these restrictions shall be deemed to have covenanted and agreed by acceptance of a contract, conveyance or other transfer of title covering such lot that such owner will not apply for a permit to erect, place, alter or add to any structure on any lot other than a single-family residence or other approved structure as specified and permitted herein. Any garage apartment or servants' quarters which may be situated on any lot shall not be used for rental purposes, and may be used only by servants who are employed in the dwelling situated, or by members or temporary guests of the family occupying the dwelling on said lot. ("Approved", as used in this Article 1 means the approval specified in the following Article 2 hereof and "single-family residential purposes" as used in these restrictions, means residential occupancy by members of a family who are related to each other by blood, adoption or marriage, or residential occupancy by not more than two unrelated adult persons and their children living together as a single housekeeping unit, together with any bona fide household servants). Every residence constructed shall have an enclosed garage for not more than four automobiles. No garage constructed as part of the original construction of the residence by the original builder may be converted to living quarters unless and until a replacement garage, of equivalent size to the garage to be converted, is constructed, except that a homebuilder, marketing homes in the subdivision, may convert garage areas in model homes to temporary sales offices. If two lots are joined together as a single residential unit, the interior lot lines (and common setback line) between the joined lots shall be disregarded for purposes of placement of the residence and other structures.

Article 2: Architectural Control

No building, structure or improvement of any character shall be erected, placed, added to or altered on any lot affected hereby until the building plans, specifications and a site plan showing the location of the proposed structure or structures have been submitted to and approved by the hereinafter named Architectural Control Committee for the Association as being in compliance with these restrictions as to use, quality of workmanship and materials; nature of materials, harmony of external design and external colors with existing and proposed structures, and location of improvements with respect to topography, finished grade elevation, lot boundary lines and building lines, and within the scheme and design of Declarant.

The plans and documents to be submitted to the hereinafter named Architectural Control Committee for the Association, as above set forth, shall be submitted for approval prior to commencing the erection, placement, addition to or alteration of any such improvements on any lot. In the event the Committee fails to approve or disapprove such plans and documents in writing within thirty (30) days from the date of receipt by a member of the Architectural Control Committee, such plans and documents shall be deemed approved in so far as the requested improvement is not otherwise prohibited by the covenants and this requirement of this restriction shall be considered as having been fully complied with and satisfied. However, failure to reject the requested plan SHALL NOT BE DEEMED A WAIVER OF ANY COVENANT CONTAINED HEREIN AND THE REQUESTING PARTY MUST COMPLY WITH ALL THESE COVENANTS OTHERWISE. Except for the construction of the initial residential structure, construction once approved must be completed within ninety (90) days of approval; if the construction is not completed timely, the approval granted will be void.

During the period that Declarant owns any lot, the Architectural Control Committee for approval or disapproval of the erection, placement, addition, or alteration of buildings and improvements shall be composed of Ken Gancarczyk, Jesse Murphy and Michael Moore. In the event of resignation or removal of any member of the Architectural Control Committee, while Declarant owns any lot, Declarant shall appoint a successor to fill the vacancy on the committee. In the event that the Class B members of the Association have only one vote per lot owned, Declarant may, at Declarant's sole choice, dissolve the Architectural Control Committee created in this Article 2 and the Board of Directors of the Association shall create an Architectural Control Committee of not less than three (3) members and shall appoint such members.

The Committee shall have the express authority to perform fact finding functions hereunder and shall have the power to construe and interpret any covenant herein that may be vague, indefinite, uncertain or capable of more than one construction or interpretation. The Architectural Control Committee shall have the authority to determine and publish reasonable standards for materials, colors and design for improvements.

Members of said Committee and their representatives shall not be liable to any person subject to or possessing or claiming the benefits of the restrictive covenants for any damage or injury to property or for damage or loss arising out of their acts hereunder, it being understood and agreed that any remedy be restricted to injunctive relief and no other. The members of the Architectural Control Committee shall not be entitled to any compensation for services rendered pursuant to this covenant. The members of the Architectural Control Committee shall be indemnified by the Association for all costs and expenses incurred in the performance of their duties and for all costs of defense if litigation is brought against any member.

If the Architectural Control Committee shall determine that the complexity of a request for architectural approval so warrants, the Architectural Control Committee may retain an architect and/or engineer for assistance and advice; in this event, the reasonable costs of such architect and/or engineer shall be paid by the party requesting architectural approval.

The initial mailing address of the Committee is P.O. Box 100810, San Antonio, Texas 78201. The mailing address may be changed by recording a notice of change of address in the Office of the County Clerk for Bexar County, Texas in the records of real property.

Article 3. Dwelling Size And Materials.

Any dwelling situated on any lot must contain a total living area of not less than 1200 square feet of living area (by architectural design), exclusive of open or screened porches, terraces, driveways, garage, garage apartment or servant's quarters or other approved accessory building or structure. All exterior building materials are subject to approval or rejection by the Architectural Control Committee.

From time to time the Architectural Control Committee may publish a memorandum of approved materials and colors that are deemed acceptable to the Committee for use within the Subdivision, subject to this Declaration.

Roofing materials shall be tile, raised seam metal or composite (equivalent or exceeding 210 pound fiberglass, 20 year warranted) material; corrugated metal, painted metal and rolled exterior roofing material shall not be allowed.

For garages, any fixed wall facing a street shall be faced with materials consistent with the residential structure located on the lot, as may be determined by the Architectural Control Committee.

Article 4: Location Of Buildings, Structures and Improvements On Lots

No part of any building shall be located nearer to any street boundary line of any lot than the building set-back line or lines shown on the recorded plat of the aforementioned subdivision nor further than fifty feet (50') from the front property line without prior approval, upon compelling need, by the Architectural Control Committee. Except for original construction or areas zoned, platted or replatted as "Small-Lot" or "Townhouse" areas, no part of any building shall be located within five (5) feet of any interior lot boundary line. If two lots are joined together as a single residential unit, the interior lot line between the joined lots shall be disregarded for placement of the residence and other structures. For the purposes of these restrictions, the front line of each lot shall be the shortest boundary line thereof abutting a dedicated street as shown by the recorded subdivision plat. The residential dwelling on each lot in the aforementioned subdivision shall face the front of the lot. Roof overhangs not exceeding 24", window boxes, and fireplace units shall not be deemed "part of any building" as used herein for building location purposes. No building or improvement shall encroach upon any easement provided in the Plat of the subdivision or dedicated by instrument. All private driveways shall be constructed of concrete and conform to specifications of governing authorities at the time of construction.

Without limiting the authority of the Architectural Control Committee to deny approval of other structures requested for approval; no permanent structure, higher than two feet (2'), may be erected between the set back line and property line of any lot or in adjoining right-of-way. This provision does not authorize structures two feet or less in height; approval or rejection of requests for construction of such structures shall be in the sole discretion of the Architectural Control Committee.

The Architectural Control Committee shall have the power to waive the set back line requirements as a predicate to Architectural Control Committee approval upon a finding by the committee that such waiver will not create an unreasonable burden upon the subdivision and that there is sufficient need for such waiver. Such waiver shall not alleviate the requirements of any building code or governmental regulation.

Article 5. Re-Subdivision Or Consolidation of Lots

Lots may be subdivided or consolidated into building sites, with the privilege of erecting, placing, adding to or altering improvements on each resulting building site, subject to these Restrictions; and provided further that, in cases where any of the residential lots covered by these Restrictions are subdivided or consolidated, the hereinafter named Association shall have the right and authority to equitably redistribute the maintenance charge specified under Article 18 hereof and which is applicable to the lot or lots subdivided or consolidated, subject to the mandatory requirement that each resulting building site with a residence thereon shall be subject to at least one full-lot maintenance charge.

Article 6. Prohibited Structures

Mobile homes are prohibited on any lot, whether or not wheels are attached. No antenna of any kind may be placed, kept or maintained on any lot except (a) a "wire" or "tube" antenna for receiving usual and ordinary AM-FM radio and television signals, which antenna must be attached to the rear of the residence, and the top of which antenna shall not exceed the height of the residence by more than five feet (5'), the size of which antenna may be restricted by the Architectural Control Committee, and (b) "dish" or "satellite" receivers, of not greater than nine feet (9') in diameter, not to exceed ten feet (10') in total installed height above ground level, located behind the residential structure, and concealed from general view by residences, fences and/or landscape as the Architectural Control Committee may require prior to approval of installation. Further, dish type digital satellite receivers may be installed on the roof of the residence provided the dish does not exceed twenty-four inches (24") in diameter, is mounted no further from the rear edge of the roof than ten feet (10'), no closer to either side of the roof than ten feet (10'), is not visible from the street that the residence faces, and is of a color approved by the Architectural Control Committee. No patio cover may be erected on the side of any residence if such construction will be within ten feet (10') of the adjoining residence. No clothesline shall be constructed unless concealed from general view by fences, buildings and/or landscape as may be required by the Architectural Control Committee. No burglar bars shall be placed on doors or windows that are visible from the street. No flag poles, basketball goals, skateboard ramps, or other athletic apparatus may be erected, maintained or placed, at any time, in front of the front building setback line established by the recorded plat. No portable building, tent, shed, barn or other portable structure of any nature shall be placed on any lot without approval by the Architectural Control Committee; provided, however, that a temporary office, flag poles, signs and work-shed may be placed upon a lot by Declarant, without such approval for use in connection with the erection and/or original sale of dwellings in the aforementioned subdivision, but such temporary office, flag poles, signs and work-shed shall be removed at completion of the erection or sale of the dwellings, whichever is applicable. Any such permitted temporary structure shall never be used for residential purposes. Storage buildings shall not exceed eight and one-half feet in height and the base (floor) shall not exceed two percent of the area of the lot upon which it rests; no vegetation shall be allowed under any storage building.

Article 7. Prohibited Activities

Except as provided elsewhere in these covenants, no business or service activity of any kind shall be conducted on or from any lot or from any improvements situated thereon, whether such activity be for profit or otherwise.

No noxious or offensive activity of any kind which may constitute or become an annoyance or nuisance to the subdivision neighborhood shall be permitted on any lot, nor

shall any illegal activity be permitted on any lot. No activity intended as a harassment of any owner shall be allowed.

Violation of any order of the State of Texas, any state agency, or political subdivision, or any municipal ordinance or state law shall be deemed a nuisance and subject to enforcement as provided herein.

In the interests of public safety, streets and roadways shall not be used as playgrounds or recreational areas.

Each owner shall comply with all governmental or quasi-governmental agency regulations and rules relating to the protection of the Edwards Aquifer.

Article 8. Mining And Mineral Operations

No oil, gas or water wells or drilling or development operations or refining, quarrying or mining operations of any kind shall be permitted on any lot. The provisions of this Article hereof shall in no way impair, diminish or restrict the rights of the owners of lots in the aforementioned subdivision to lease any mineral estate which they may have or acquire in such lots for production through pooling, utilization or directional drilling methods, provided that no use whatsoever is made of the surface of any lot in connection therewith.

Article 9. Garbage And Other Waste

No lot shall be used or maintained as a dumping ground for rubbish, trash, garbage or other waste and such substances shall not be kept or stored upon any lot, except that the garbage and other waste accumulated from normal household operations may be kept temporarily for purposes of ordinary waste collection. All such waste substances being kept on a lot pending collection thereof shall be kept in closed sanitary containers with tops or lids or in plastic bags with the tops thereof tied. Any such containers shall be hidden from general view and the size and type of waste containers, the temporary location of such containers and plastic bags pending collection, and the period of time such containers or bags may be situated at such temporary location shall all be subject to the approval of the hereinafter named Architectural Control Committee. Except on days scheduled for trash collection, trash receptacles and trash bags shall be placed out of view from the fronting street(s). All containers, bags, or other equipment for the storage or disposal of such waste substances shall be kept in a clean and sanitary condition.

Article 10. Animals

No animals, livestock or poultry of any kind shall be raised, bred or kept on any lot, except that no more than two dogs, two cats, and/or two other household pets may be kept provided that they are not kept, bred or maintained for commercial purposes. All pets must

...be attended and on a leash except when within the confines of a residence or fenced area; no pet shall be allowed to roam the subdivision. Incessant barking or howling of pets shall be deemed a nuisance and is prohibited. Owners of pets must promptly remove the excrement of their pets from all streets, sidewalks, yards and other areas within the subdivision(s).

Article 11. Easements

Easements for installation and maintenance of utilities and drainage facilities are reserved as shown on the recorded plat and additional drainage easements are reserved over the rear five feet of each lot and along and parallel to the side property line(s) five feet (5') in width. Within these easements, except for the placement of a zero lot line residence, no structure, planting or other material shall be placed or permitted to remain so as to not damage or interfere with the installation and maintenance of utilities, or which may change the direction of flow of drainage channels in the easements, or which may obstruct or retard the flow of drainage channels in the easements. The easement area of each lot and all improvements in it shall be maintained continuously by the owner of the lot, except for those improvements for which a public authority or utility company is responsible. All easements for utilities and drainage shall be kept clear of improvements or structures of any kind and no trees, shrubs, berms or other obstructions may be placed upon such easements as to interfere with the use of the easements. In this regard, neither the Declarant, nor the hereinafter named Association, nor any utility company or drainage authority using said easements shall be liable for any damage done to shrubbery, trees, flowers, or other property which is located within the area covered by said easements.

If a residence is constructed on the side property line or within two feet of the side property line, such residence shall be deemed a "zero lot line residence". In that event, the adjoining lot is burdened with an easement, along the common boundary between the lots, five feet in width and parallel to the common boundary line, which easement shall be used for the repair and maintenance of the residence constructed on or within two feet of the common boundary line. Within this easement, no construction or landscape may be installed which will increase the burden of maintenance or interfere with the maintenance of the zero lot line residence.

Until the construction of a residence is completed on a lot, there shall exist a temporary easement, ten (10) feet in width and parallel to the common side lot line, on the lot adjoining the zero lot line side of the lot where construction has not been completed. Upon completion of the residence on a lot, the temporary construction easement shall terminate. The Architectural Control Committee shall have the full authority to determine and redetermine the zero lot line side of each lot.

Article 12. Fences, Walls And Hedges.

The Declarant has caused or may cause the construction of a masonry, wood or metal fence, or has caused or may cause the installation of wood facing on any existing chain-link fence, along certain portions of lot boundary lines which are common with boundaries of Unrestricted Reserves, if any, and public roadways shown on the aforesaid plat. Declarant may convey any such fence to the below named Association. If such fence or wall is conveyed or dedicated to the below named Association, there shall be an easement upon each lot when a portion of the fence or wall is constructed, for the placement and maintenance of said fence or wall.

Provided the fence or wall is conveyed to the below named Association, the obligation to maintain, repair and replace the aforescribed fence, along the above specified lot boundaries or portions thereof, shall be the burden and power of the below named Association, otherwise the obligation to maintain, repair and replace the aforescribed fence or wall, shall be appurtenant to the ownership of the lots and shall be a covenant running with the land and with respect to each of said lots. Without the written consent of the adjoining land owners, no gate providing access to adjoining property shall be constructed in fences unless such gate is constructed solely at the request of and for the benefit of any provider of public utilities.

Except as specified under the immediately preceding sub-paragraph of this Article 12, no fence, wall, gas meter or other structure, nor any hedge or other mass planting, shall be placed or permitted to remain on any lot at a location between any boundary of such lot which is adjacent to any street or streets and the building set-back line related to such lot boundary (as shown on the recorded plat of the aforesaid subdivision), or between the curb line and property of the adjoining lot, unless such structure or mass planting and its location shall be approved by the Architectural Control Committee.

Fences and fence type walls facing streets shall be six feet (6') in height above ground level, unless otherwise approved by the Architectural Control Committee, and the surface of any such fence or wall which faces any street, alley or driveway shall be faced with wood, brick, or stone, or some other material approved by said Architectural Control Committee. Fences constructed on common lot lines shall be not more than 6' in height, but may be shorter if approved by the Architectural Control Committee. No fence shall be placed between the building set back and street as shown on the plat of the lots. All wood fences and gates shall be left natural, covered with a natural clear stain or covered with a clear wood preserver. Colors for masonry and iron portions of all fences shall be determined by the Architectural Control Committee, considering harmony with the existing residence. All wood fences and gates must be solid in appearance; the design of masonry and iron portions of all fences shall be subject to approval by the Architectural Control Committee. Wood fences and wood gates shall not be of "open" picket or "rail" design.

Article 13. Traffic Sight Barriers

No shrub, tree, object or thing which obstructs sight lines at elevations between two (2) and six (6) feet above the roadway shall be placed or permitted to remain on any corner lot within the triangular area formed by the street property lines of such lot and a line connecting such property lines at points located on each said street property lines at a distance of twenty-five (25) feet from the point where such lines intersect or would intersect if extended; nor shall any such obstruction be placed or permitted to remain on any lot within the triangular area formed by the street property line of such lot, the edge line of any driveway or alley pavement, and a line connecting said lines at points located on each of said lines at a distance of ten (10) feet from the point at which said lines intersect or would intersect if extended.

Article 14. Cutting Weeds Or Grass And Removal Of Trash

The owners and occupants of each lot shall at all times keep all weeds or grass thereon cut or trimmed in a reasonably neat manner, and shall in no event permit an accumulation of garbage, trash, rubbish or other waste of any kind to remain thereon and shall keep and maintain adequate ground cover to protect against soil erosion. No lot shall be used for storage of material and equipment except for normal residential requirements or incidental to construction of improvements thereon as herein permitted.

Article 15. Signs Or Billboards

The owner of a lot shall be entitled to display one sign thereon from time to time for purposes of selling or renting the property; provided, that each face of such sign shall be rectangular in shape and shall not exceed five (5) square feet in surface area, and that the content of such sign be limited to the words "Sold", "For Sale" or "For Rent", the name and telephone number of the seller or real estate agent, and the words "Shown by Appointment Only". No "For Sale" or "For Rent" sign shall be displayed unless a telephone number, where daytime inquiries can be answered, is listed in numbers readable from the curbside. No "For Sale" or "For Rent" sign shall be displayed for any purpose other than a bona fide offer to sell or to rent the property upon which the sign is located. No "Sold" signs shall remain on a lot more than two weeks after completion of the sale. During the period of lot sales and construction of new residences, home builders maintaining a sales or construction office within The Trails At Carriage Hills, Section 1, and/or areas duly annexed and/or Declarant shall have the right to place directional signs and other "sold" and "for sale" signs (not exceeding six square feet in size) that do not contain the telephone number of the builder, provided such signs are approved in writing by the Architectural Control Committee. Also, the below named Association may place signs on lots noting special accomplishments, such as awards for "Yard of the Month", Christmas decorating, and landscape. No other sign, advertisement, billboard or advertising structure of any kind may be erected or maintained within subdivision boundaries without first having obtained the consent in writing of the

Board of Directors of the hereinafter named Association. Said Board of Directors of the Association shall have the right to remove any unpermitted sign, advertisement, billboard or structure which is erected or placed on any lot or adjacent easement or right-of-way without such consent, and in so doing, shall not be subject to any liability for trespass or other tort in connection therewith.

Article 16. Miscellaneous Vehicles And Equipment

No automobile, truck, camper, motor home, mobile home, boat or other vehicle, trailer, machinery or equipment of any kind shall ever be parked on any lot or on any street right-of-way, easement or common area adjacent to any lot, except for temporary parking incident to the contemporaneous use of such object or as otherwise approved, upon strict and compelling circumstances, by the Board of Directors or the hereinafter named Association, nor shall any such object be left parked or stored on any lot or on any adjacent street right-of-way, easement or common area unless parked or stored inside the garage or parked or stored at least seventy (70) feet rearward from the front property line and at least twenty (20) feet from the nearest side property line, and screened by a wood fence six (6) feet in height and otherwise obscured from general view by an enclosure or screening approved by said Architectural Control Committee.

Without limiting the foregoing, it shall be presumed that any vehicle that does not have attached a current license plate and current safety inspection sticker (if required by statute), or has one or more flat tires, or is otherwise disabled or partially disassembled, is a vehicle stored in violation of this Article 16.

No automobile, truck, camper, motor home, mobile home, boat, or other vehicle, or any part thereof, or trailer, machinery or equipment of any kind shall be placed, kept, parked or stored upon any unpaved portion of any residential lot. No motor home, camper, boat, trailer, or other vehicle of height greater than nine (9) feet shall be kept or stored on any lot or on the street adjoining any lot or common area. No electrical, potable water, or sewage services shall be connected to any motorhome, travel trailer or camper.

Motorcycles, motorbikes, motor scooters, motorized bicycles, or other motorized vehicles shall not be operated on any lot or operated to or from any lot over the streets of the aforementioned subdivision unless such vehicle is operated by a state licensed driver and such vehicle is equipped with an adequate and properly functioning muffler, nor shall such vehicles be kept or operated in such a way as to constitute a nuisance or danger.

Article 17. Maintenance Of Residential Lot

All dwellings, fences, walls and other approved structures must be kept in a reasonably good state of painting and repair, and must be maintained at the cost of the homeowner so as not to become unsightly.

In addition to rights, powers and remedies granted by law, in the event of default on the part of the owner or occupant of any lot in observing the requirements set out in Articles 1 through 16 above, or any of them, and the continuation of such default after ten (10) days' written notice from the hereinafter named Association of the existence of such default, said Association, upon approval by the Board of Directors, may enter upon said lot through its agents, without liability to the owner or occupant in trespass or otherwise, and cause to be done any work or other thing necessary to secure compliance with these Restrictions, and may charge the owner or occupant of such lot for the cost of any such work or thing. The owner or occupant of each lot agrees, by the purchase or occupation of the lot, to reimburse the Association immediately upon receipt of a statement covering the cost of any such work or thing. In the event of failure to pay such statement, the amount thereof and any attorney fees and court costs incurred in connection with the collection thereof may be added to the annual maintenance charge assessed by the Association against such lot and become a charge thereon and be collected in the same manner as the regular annual maintenance charge provided for in these Restrictions.

Article 18. Maintenance Association And Maintenance Charge

Declarant shall cause or has caused to be organized under the laws of the State of Texas a non-profit corporation named Trails At Carriage Hills Association, Inc. (herein sometimes referred to as the "Association"), which organization shall have the duty of 1) assessing and collecting the annual maintenance charge specified herein, 2) managing said fund and arranging for the performance of the services contemplated and making payment therefor out of said fund 3) the establishment and enforcement of rules and regulations affecting the operation, use and enjoyment of any common area facilities, 4) for acquisition and use of real and personal property 5) for collection of assessments, and 6) the effective and efficient operation of the business of the Association. In this regard, said Association shall have all the powers granted by the Texas Non-Profit Corporation Act.

The initial mailing address of the Association is P.O. Box 100810, San Antonio, Texas 78201. The mailing address may be changed by recording notice of change of address in the Office of the County Clerk for Bexar County, Texas, in the records of real property.

Each residential lot in the aforementioned subdivision is hereby made subject to an annual maintenance charge for the purpose of creating a subdivision maintenance and improvement fund, and a reserve fund and such maintenance charge shall be first assessed against each lot as of the date that the Association holds its initial Board of Directors meeting and approves the Bylaws of the Association. The initial assessment period shall be the remaining portion of the particular calendar year in which the aforesaid notice is given by the Association, commencing with such notice date. Thereafter, the maintenance charge shall be assessed annually against each lot as of January 1st of each succeeding calendar year to cover the full calendar year commencing with the particular assessment date. A statement reflecting the amount of the assessment with respect to each lot shall be

mailed or otherwise delivered to each lot owner (or the holder of the mortgage on such lot, if the mortgage holder is paying the maintenance charge from the lot owner's mortgage escrow account) as soon as practicable after each assessment date. The amount of each assessment shall be paid by the owner of each lot (or the holder of the mortgage on such lot, if applicable) to the Association whichever last occurs in advance on January 1 of each year, or within fifteen (15) days after the statement covering such assessment has been mailed or otherwise delivered to the lot owner (or the holder of the mortgage on such lot, if applicable), whichever last occurs in advance on January 1st of each year. Any maintenance charge assessed hereunder and not paid when due shall bear interest from the date due until paid at the rate of ten percent (10%) per annum.

The maximum annual maintenance charge on each residential lot from and after the date such charge is first assessable against such lot shall be as follows:

(a) For any assessable period within the calendar year 1997, the maximum annual maintenance charge on each lot subject to these Restrictions shall be the sum of Three Hundred Dollars (\$300.00).

(b) For any assessable period within the calendar years next succeeding the calendar year 1997, the maximum annual maintenance charge for each particular calendar year shall be calculated and determined as follows: The average of the Consumer Price Index (all items, Texas area, covering All Urban Consumers, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or the most nearly comparable successor index published by any governmental agency, over the most recent twelve months for which such information is available at the time of making the annual assessment applicable to the particular calendar year shall be determined (the "current period average"), the average of said Index over the twelve months of the calendar year 1997 shall be determined (the "base period average"), and the maximum annual maintenance charge for the particular calendar year of determination shall be an amount equal to Three Hundred Dollars (\$300.00), as increased by the same percentage that the aforesaid "current period average" being utilized in making the particular determination shall have increased above the "base period average" (adjusted to the nearest one-tenth of one percent) or the amount of Three Hundred Dollars (\$300.00) increased at the rate of five percent (5%) per year for the date of initial assessment, whichever is greater. In no event shall the maximum allowable annual maintenance charge for any calendar year be less than Three Hundred Dollars (\$300.00). If the aforescribed Index for All Urban Consumers was not published for any period of time involved in any determination of a possible increase in the annual maintenance charge as aforesaid, then the Consumer Price Index (all items, United States City Average) previously published by the Bureau of Labor Statistics shall be used for such period of time.

(c) If any lot shall be subject to the aforesaid maintenance charge for less than a full calendar year, then the assessment for any such partial year shall be calculated on a pro rata basis.

(d) The foregoing notwithstanding, it is specially provided that so long as any lot does not have a dwelling thereon which is substantially completed and ready for occupancy, the maintenance charge applicable to such lot shall be one-fourth of the charge then assessed under the foregoing provisions. At such time as a dwelling on any lot becomes substantially completed and ready for occupancy, any additional amount of maintenance charge due for the particular calendar year shall be paid to the Association within fifteen (15) days after notice thereof to the lot owner.

In recognition of the possibility that it may be desirable that the Association be able to levy a special assessment from time to time by action of the Board of Directors of the Association for the purpose of defraying all or part of the cost of any construction, repair or replacement of capital improvements upon any common area which has been duly annexed hereunder and which is dedicated for the use and benefit of the members of the Association (including fixtures and personal property related thereto), the following described procedure is hereby established for imposing any special assessment for such capital improvements, to-wit:

(1) A special meeting of all members of the Association shall be called in accordance with all regular requirements for a special meeting of the members; provided that written notice of any such meeting shall be given to all members specifying that the purpose of the meeting is to vote on a proposed special assessment for defraying the cost of proposed capital improvements (which are to be generally described in the notice), and further provided that such notice shall be sent to all members not less than thirty (30) days nor more than sixty (60) days prior to the date of such meeting.

(2) The first special meeting of the members called for the purpose of approving the levy of a particular special assessment shall require the presence at the meeting (either in person or by proxy) of members entitled to cast at least sixty percent (60%) of all votes of each class of membership in the Association in order to constitute a quorum for valid action. If the required quorum is not present at such first called meeting, another special meeting may be called with respect to that particular special assessment, subject to the same notice requirement and the required quorum at the subsequent meeting shall be one-half ($\frac{1}{2}$) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting.

(3) At least two-thirds ($\frac{2}{3}$) of a valid quorum of votes of each class of membership represented at the meeting (either in person or by proxy) must be voted in favor of any special assessment for capital improvements.

The services or things which may be furnished and paid for by the Association out of the maintenance fund shall include the acquisition and operations of common area property for recreational or other purposes and the construction, installation, operation, maintenance, repair and replacement of any facilities or improvements placed thereon (subject to the limitations herein set forth with respect to expenditures for such purposes), street lighting, trash removal, fire, police and security patrol services, installing, maintaining, and replacing shrubbery, plants, grass, trees, monuments, (whether located within The Trails At Carriage Hills, Section 1, or annexed property or located on rights-of-way at the entrance or along subdivision boundaries of The Trails At Carriage Hills, Section 1, or annexed property) and other landscaping or decorative improvements on the common area, or any rights-of-way, fogging for insect control, paying legal and other expenses for the enforcement of the provisions of these Restrictions, paying all taxes assessed against the Association's property, and any and all other services or things which the Board of Directors shall deem necessary or desirable for the maintenance and improvement of the aforementioned subdivision, it being expressly provided that the Association shall not be limited to the particular items set forth above, nor shall the Association be required to furnish and pay for any of said particular items. Also, the Association shall be under no obligation to continue to furnish and pay for any particular service or thing after the commencement thereof. The Association shall provide liability insurance for all directors and shall indemnify directors for all uninsured losses relating to acts as directors except criminal acts.

The proceeds of the maintenance charge provided for herein shall not be used to reimburse Declarant, or its successors in interest, for any capital expenditures incurred by Declarant in the construction of, or other improvement of, common area recreational facilities, monuments or landscape, if any, situated within or outside the boundaries of the subdivision complex, nor shall any expenses or operation or maintenance of such facilities which have been installed by Declarant be paid for with maintenance charge proceeds prior to the conveyance of such facilities, fully completed and unencumbered, to the Association, unless such payment is with the approval and consent of the Federal Housing Administration or the Department of Veterans Affairs.

The Association shall be authorized under its Articles of Incorporation to also provide maintenance services similar to those contemplated herein for the benefit of subsequently developed residential subdivision areas in which the lots are made subject to deed restrictions providing for the establishment of a maintenance charge uniform with that specified herein and which are otherwise substantially the same as these Restrictions, provided such subdivision areas are duly annexed as provided herein.

In this regard it is specifically provided that, if additional residential subdivision areas are duly annexed to the aforementioned subdivision in the manner herein provided, the officers and directors of the Association shall be entitled to combine maintenance charge moneys received from lots situated in the several subdivision areas it may be serving into a single

fund and provide and pay for services on behalf of all subdivision areas being served by the Association without the necessity of any allocation to particular lots or subdivision areas. The owner of each lot affected hereby shall be deemed to have agreed to this provision by his acceptance of a conveyance or other transfer of title to such lot.

There has been no dedication of common area and common area facilities in conjunction with the development of the aforementioned subdivision and no dedication of common area is planned. However, should common area be dedicated, each lot owner shall have a right and easement of enjoyment in and to any common area and any common area facilities which now exist or which may be subsequently acquired or annexed to the aforementioned subdivision and dedicated for the use and enjoyment of the members of the Association, which right and easement shall be appurtenant to and shall pass with the title to each lot, subject to the following:

(a) the right of the Association to charge reasonable admission and other fees and to establish reasonable rules and regulations covering the use of the common area and any recreational facility situated upon the common area;

(b) the right of the Association to suspend a member's voting rights and rights to the use of the common area and any recreational facilities thereon for a period of time during which any assessment against such member's lot remains unpaid, and to suspend such rights for a period not to exceed 60 days for any infraction of the Associations' published rules and regulations;

(c) the right of the Association to dedicate or transfer all or any part of the common area or any common area facilities to any public agency or authority having the same or similar purposes as the Association, subject to such conditions as may be reserved in the dedication or transfer. No such dedication or transfer shall be effective unless an instrument approving such dedication or transfer has been signed by at least two-thirds (2/3) of the members in each class of membership in the Association and has been recorded; and

(d) the right of any lot owner to delegate his right and easement of enjoyment in and to the common area and common area facilities to the members of his family, his tenants, or contract purchasers who reside on the property, in accordance with the By-Laws of the Association.

In the event a member sells, leases or rents his/her lot within the subdivision, the member must give notice within five (5) days of the date of sale or commencement of lease or rental term, to the Association. In the event of sale, the notice shall state the date of sale and the name(s) of the new owner(s). In the event of lease or rental, the notice shall state the new address of the lot owner, the name and telephone number of any property manager or rental agent to be contacted (if any), the name of each person to occupy the lot, the time period of the lease or rental agreement and a statement of whether or not the owner(s) has

assigned to the occupants the owner's rights to the use of the Association owned amenities.

Without requirement of consent by membership of the Association, Declarant may annex, by recordation of a declaration of annexation executed by Declarant, all or any portion of that property adjoining and adjacent to The Trails At Carriage Hills, Section 1, or adjoining and adjacent to other property so annexed. Additional residential subdivision areas and common areas may also be annexed to Trails At Carriage Hills Association, Inc., with the consent of two-thirds (2/3) of the votes of each class of membership of the Association.

A lien is hereby established on the lots subject to these restrictions to secure the payment of the maintenance charge established hereby, and all present and subsequent owners of said lots should convey such lots with an appropriate reference to the recordation of these restrictions in the Official Public Records of Real Property of Williamson County, Texas, together with a recitation that said lien has been retained against each lot for the benefit of the Association. The owner or owners of any lot subject to these restrictions shall be deemed to have covenanted and agreed to pay the aforesaid maintenance charge by acceptance of a conveyance or other transfer of title to such lot, even though the reference and recitation referred to above is not made. Each Class "A" owner acknowledges that the lien for assessments created herein was in existence prior to the acquisition of a lot by such Class "A" members.

The aforesaid lien shall secure payment of the maintenance charge and all past-due interest which may accrue thereon, together with all reasonable expenses, costs, and attorney's fees which may be incurred in connection with the collection thereof. Said lien shall run with the land and be a continuing charge on the land assessed, and shall also be a personal obligation of the owner(s) of each lot to the extent of the maintenance charge attributable to such owner's period of ownership.

Every person or entity owning of record either the entire fee title or an undivided interest in the fee title to any residential lot situated in the aforesaid subdivision, or in any other area duly annexed thereto and brought under the jurisdiction of the Association as hereinafter provided, shall be a member of such corporation. (The foregoing is not intended to include persons or entities holding an interest in a lot merely as security for the performance of an obligation). Membership shall be appurtenant to and may not be separated from ownership of such lot.

The Association shall have two classes of members, with voting rights as follows:

Class A Members shall be all of the owners, other than the Declarant, of residential lots situated in the aforesaid subdivision and in any other area duly annexed thereto, as hereinafter provided. Voting rights of Class A members shall be limited to one vote for each lot owned. If any lot is owned by more than one person or entity, all such persons or

... owners of such lot may determine among themselves.

Class B Member or Members shall be the Declarant and any other developers of any other subdivision areas duly annexed to the aforementioned subdivision as herein after provided. The Class B membership shall be entitled to three (3) votes for each residential lot owned until such time as the total votes outstanding in the Class A membership equal or exceed the total votes outstanding in the Class B membership, or on December 31, 2007, whichever date occurs the earliest. After the earliest to occur of the foregoing dates, the voting rights of the Class B membership shall be automatically converted to one (1) vote for each lot owned, the same as the Class A membership. It is specially provided, however, that at any time, other subdivision areas are duly annexed to the aforementioned subdivision in the manner hereinafter set out, the voting rights as to lots owned by the Class B membership shall (if previously converted to one vote per lot) automatically revert to three (3) votes for each lot owned until such time as the total votes outstanding in the Class A membership throughout the aforementioned subdivision and any duly annexed area, collectively, shall equal or exceed the total votes outstanding in the Class B membership throughout such total area, or until December 31, 2007, whichever date occurs the earliest, at which time Class B voting rights shall be automatically converted to one (1) vote for each lot owned.

The initial Board of Directors of the Association is composed of Michael Moore, Herb Quiroga, and Jesse Murphy.

The aforesaid initial Board of Directors shall hold office until such time as at least twenty-five percent (25%) of the lots in the aforementioned initial subdivision are owned by persons or entities other than the Declarant of such subdivision, at which time the initial Board of Directors shall call a special meeting of only the Class A members of the corporation for the purpose of holding an election to elect a director to replace one of said initial directors (the retiring director to be determined by the members of the initial Board), said director so elected to serve until the next regular annual meeting of the members of the corporation. The two remaining members of the initial Board of Directors shall continue to hold office until such time as the voting rights of the Class B membership of the corporation shall be automatically converted to the same voting rights as the Class A membership (as specified above and in the Articles of Incorporation), at which time the Board of Directors shall call a special meeting of all members of the corporation for the purpose of holding an election to select another Director to replace one of the two remaining members of the initial Board of Directors, said Director so elected to serve until the next regular annual meeting of the members of the corporation. The then-remaining member of the initial Board of Directors shall continue to hold office until such time as the Class B members have sold to other persons or entities all residential lots in the aforementioned subdivision and in any other areas duly annexed thereto (as herein provided).

In case of the resignation, death or incapacity to serve of any of the aforesaid initial directors during the period for which such director is to hold office, the remaining director

...or directors of said initial Board shall appoint a successor to serve the balance of the term of office of said director, except that in the case of resignation, death or incapacity to serve of the last of said initial directors to hold office, the Declarant or its successors or assigns shall appoint a successor to serve the balance of the term of office of said initial director, unless the last Declarant appointed board member resigned because there was no longer any Class "B" member; in that event, a special meeting shall be held to elect a successor to serve until the next annual meeting.

No member of the Association may serve on the Board of Directors or be a candidate to the Board of Directors, during any time that the member is:

- (1) delinquent in any financial obligation to the Association,
- (2) has any bona fide reported deed restriction violation pending, or
- (3) is a party to existing litigation in which the Association or any Board member is an adverse party.

At each regular annual meeting of the members of the corporation prior to the conversion of the voting rights of Class B membership to the same voting rights as the Class A membership, the Class A members only shall elect for a term of one year the one director that the Class A membership separately is then entitled to elect, as provided above. At each regular annual meeting of the members after the voting rights of the Class B membership have been converted hereunder to the same voting rights as the Class A membership, the total membership shall elect for a term of one year the two directors that the membership is then entitled to elect. At the first regular annual meeting of the members after the Class B members have sold to other persons or entities all residential lots situated in the aforementioned subdivision (and in any other subdivision areas duly annexed thereto as hereinafter provided), all members of the corporation shall elect at least one director for a term of one year, at least one director for a term of two years, and at least one director for a term of three years, and at each regular annual meeting thereafter the membership shall elect at least one director for a term of three years.

In the case of the resignation, death or incapacity to serve of any of the aforesaid directors elected to office by the members of the corporation, a special meeting of the members entitled to elect such director shall be called to elect a successor to serve the balance of the term of said director.

Any director elected by the members of the corporation may be removed from the Board, with or without cause, by a majority vote of those members of the corporation who were entitled to vote for the election of such director, and in the event of such removal of a director, a successor shall be elected to serve for the unexpired term of such removed director by a special election to be held by those members of the corporation who were

entitled to vote for the election of the director so removed.

No director shall receive compensation for any service he may render to the corporation. However, any director may be reimbursed for his actual expenses incurred in the performance of his duties.

The By-Laws of the aforesaid corporation shall provide that any and all members of the Association shall have the right to inspect the financial books and records of said corporation at its principal offices at all reasonable times.

If the corporation, provided herein, should dissolve for any reason, the ownership of the common area and Association property shall immediately be conveyed to the owners of all lots within the subdivision in equal shares based upon a per lot distribution, of an undivided interest, UNLESS the Board of Directors has, with appropriate board resolution, conveyed the Common Area and Association property to a municipality or other governmental entity for public use.

Article 19. Rights Of Mortgagees

It is specially provided that the lien hereby created to secure the payment of the maintenance charge specified in these restrictions shall be subordinate to and shall not affect the enforcement of any vendor's lien or deed of trust lien now of record or which may hereafter be placed of record against any lot covered hereby and/or any improvements located thereon. However, such lots shall nevertheless remain subject to said maintenance charge, and the sale or transfer of any lot pursuant to foreclosure of any such superior lien shall extinguish the lien securing the maintenance charge only as to any maintenance charge attributable to such lot for the period of time prior to such sale or transfer.

It is further provided that, as a condition precedent to any proceeding to enforce the lien securing said maintenance charge, where there is any other valid and subsisting lien outstanding, the Association shall give the holder of such other lien at least thirty (30) days written notice of any proposed action of enforcement by the Association and thereby provide such other lienholder an opportunity to remedy the default of the lot owner. Such notice shall be given by certified or registered mail, return receipt requested to the lienholder according to the Official Public Records of Real Property in Bexar County, Texas.

Article 20. Term Of Restrictions

These restrictions are to run with the land, and shall be binding upon and inure to the benefit of the Declarant and the Association, their respective successors and assigns, and all future owners of the residential lots located in the aforementioned subdivision until December 31st of the year 2037 A.D.

The aforescribed initial term of these restrictions shall be extended automatically after the expiration thereof for successive periods of ten (10) years duration each, unless an instrument revoking these restrictions, in whole or in part, is recorded in the Official Public Records of Real Property of Williamson County, Texas, at least six (6) months prior to said initial expiration date or the expiration of any 10 year extension period. Any such instrument of revocation must be executed by the then owners of at least three-fourths (3/4) of the collective number of restricted lots situated in the aforesaid subdivision and any other residential subdivision area which has been duly annexed thereto as specified herein.

Article 21. Enforcement Of Restrictions

The Board of Directors of the aforesaid Association, the owner or owners of any residential lot subject to these restrictions, the Declarant (until all lots subject hereto have been sold or otherwise conveyed to persons or entities other than commercial homebuilders) and/or the Association itself shall all have the right, power and authority, without requirement of joinder of the other, to file suit for damages or for injunction, mandatory or prohibitory, to compel compliance with the provisions of these restrictions. Also, the Board of Directors on behalf of the Association shall have the right to bring an action at law to foreclose the lien hereby established to secure the payment of the aforesaid maintenance charge if any lot owner fails to cure any such default within thirty (30) days after notice thereof from the Association. The plaintiff in any of the aforescribed proceedings shall be entitled to recover from the defendant in such action all reasonably necessary costs and expenses attendant upon bringing such action, including a reasonable attorney's fee. Further, if the Board of Directors determines that a member of the Association has been given notice of violation of this Declaration, and failed to cure the violation within thirty (30) days of the first notice of violation, and the Board of Directors determines that the service of an attorney and/or collection agent are appropriate for use in seeking compliance, but suit is not brought, the Association shall be entitled to recover, from the member violating this Declaration, the reasonable costs of services of any attorney and/or collection agent, relating to the violation. The foregoing provision for recovery of costs, expenses and attorney's fees shall be deemed to have been agreed to by the owner(s) of any lot covered hereby by acceptance of a conveyance or other transfer of title to such lot.

Each day which a violation exists on the lot shall constitute a new violation; continuing violation of this Declaration shall constitute a new violation until the violation is corrected; the passage of time, alone, shall not cure any violation and shall not be a defense to any action for enforcement of this Declaration.

Invalidation of one or more of the provisions of these Restrictions, by court order or otherwise, shall in no way affect any other provision hereof, and all such remaining provisions not expressly invalidated shall continue in full force and effect.

Article 22. Assignment By Developer And Maintenance Association

The Declarant may at any time assign to the Association any and all rights reserved to Declarant hereunder, except the right to annex certain properties as provided in Article 18. Any such assignment shall be evidenced by an instrument in writing recorded in the Official Public Records of Real Property of Williamson County, Texas. If not previously assigned, all such rights reserved to Declarant hereunder shall automatically vest in the Association when all lots covered by these Restrictions have been sold or otherwise conveyed from Declarant to other persons or entities except the right to annex certain properties as provided in Article 18.

The Association may at any time assign or delegate to a committee or designated representative any and all approval rights reserved to the Association hereunder. Any such assignment or delegation shall be evidenced by a resolution of the Board of Directors of the Association.

Article 23. Amendment Of Restrictions

Subject to the requirements of Article 23 hereof, these restrictions may be amended at any time prior to the termination hereof by recorded instrument in the Official Public Records of Real Property of Williamson County, Texas, an instrument signed by the then owners and lienholder of at least three-fourths (3/4) of the collective number of restricted lots situated in the aforementioned subdivision and in any other residential subdivision area which has been duly annexed thereto as specified herein.

The foregoing paragraph notwithstanding, Declarant shall have the right, power and authority, at anytime, to file amendments for the sole purpose of correcting clerical errors and to comply with governmental regulations; no other amendments may be filed except as above provided.

Article 24. Drainage

The original drainage design and construction for drainage on each residential lot shall be maintained by the Owner. The original drainage design and construction shall not be altered without prior approval by the Architectural Control Committee; also during the first ten years of existence of each lot, no approval for alteration of the drainage design or construction of any lot shall be effective unless the developer has given its written approval of such change. No landscape plan or design which would have the effect of altering the drainage of any individual lot to cause that lot to hold water or would increase the flow of water to another lot may be approved.

IN WITNESS WHEREOF, the parties hereto have executed this instrument as of the 14th day of January 1997.

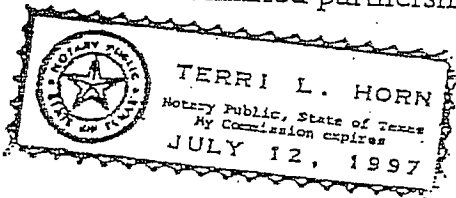
DECLARANT: RAYCO, LTD., a Texas limited partnership
By: KAUFMAN AND BROAD OF SAN ANTONIO, INC.
General Partner

By: [Signature]

Acknowledgement

STATE OF TEXAS §
COUNTY OF BEXAR §

This instrument was acknowledged before me this 14th day of January, 1997, by Amy K O'Neil, Vice President of KAUFMAN AND BROAD OF SAN ANTONIO, INC., a Texas corporation, as general partner of RAYCO, LTD., a Texas limited partnership, on behalf of said limited partnership.



[Signature]
Notary Public, State of Texas
My commission expires: 7/12/97
Printed name: TERRI L HORN

AFTER RECORDING, RETURN TO:
Kaufman And Broad
4800 Fredericksburg Road
San Antonio, Texas 78229
Attn: Legal Department

Doc# 9702222
Pages: 23
Date : 01-17-1997
Time : 01:59:26 P.M.
Filed & Recorded in
Official Records
of WILLIAMSON County, TX.
ELAINE BIZZELL
COUNTY CLERK
Rec. \$ 53.00

FIRST AMENDMENT TO CARRIAGE HILLS ENTRYWAY
EASEMENT AND MAINTENANCE AGREEMENT

STATE OF TEXAS §
 § KNOW ALL PERSONS BY THESE PRESENTS:
COUNTY OF WILLIAMSON §

This First Amendment to Carriage Hills Entryway Easement and Maintenance Agreement (this "Amendment") is made to be effective the date set forth below by and among NATIONSBANK OF TEXAS, N.A., AS ANCILLARY TRUSTEE UNDER THE WILL OF HERMAN AUBREY MOORE ("Trustee"), the C.P. CARRIAGE HILLS HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation ("Carriage Hills One"), THE VILLAGES AT CARRIAGE HILLS HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation ("Carriage Hills Villages"); THE CROSSING AT CARRIAGE HILLS OWNERS ASSOCIATION, INC., a Texas non-profit corporation ("Crossing at Carriage Hills"); and HALLMARK RESIDENTIAL DEVELOPMENT, INC., a Texas corporation ("Hallmark").

RECITALS:

A. Trustee, PHILIP Y. CHANG and CHING RUTH HSU CHANG (jointly, the "Changs"), and Carriage Hills One entered into that certain Carriage Hills Entryway Easement and Maintenance Agreement effective as of May 17, 1993, recorded in Volume 2395, Page 089 of the Official Records of Williamson County, Texas (the "Agreement"), pursuant to which Trustee granted an easement over and across certain real property described therein as the "Entryway Property," and the parties thereto agreed to the construction and maintenance of certain improvements described therein as the "Entryway Improvements" within the Entryway Property and to procedures for the maintenance and repair of the Entryway Improvements and the sharing of the costs thereof.

B. Trustee has subsequently sold and conveyed portions of the property owned by Trustee to Milburn Investments, Inc., a Texas corporation ("Milburn") by Special Warranty Deeds recorded in Volume 2636, Page 0673, and in Volume 2701, Page 0162, respectively, of the Official Records of Williamson County, Texas, and Milburn agreed to reimburse Trustee for a portion of the Expenses, as defined in the Agreement, attributable to the property so conveyed to Milburn.

C. The Changs have subsequently sold and conveyed the property owned by the Changs to CENTEX REAL ESTATE CORPORATION, a Nevada corporation ("Centex") by Special Warranty Deeds recorded in Volume 2475, Page 0681 and as Document # 9601891 in the Official Records of Williamson County, Texas, and Centex has agreed to reimburse Trustee for a portion the expenses attributable to the property so conveyed to Centex, which is now being developed by Centex as Carriage Hills II and Carriage Hills III subdivisions.

D. Centex formed Carriage Hills One for the benefit of persons purchasing homes built on certain lots owned by Centex in the Cedar Park One, Section One and the Carriage Hills, Section One subdivisions, and formed Carriage Hills Villages for the benefit of persons purchasing homes built on certain lots owned by Centex in the Carriage Hills II and Carriage Hills III subdivisions.

E. Carriage Hills One has assigned to Carriage Hills Villages twenty-five percent (25%) of the Prorata Share of Expenses originally allocated to Carriage Hills One (being ten percent [10%] of the total Prorata Share of Expenses).

F. Milburn formed Crossing at Carriage Hills for the benefit of persons purchasing homes built on certain lots owned by Milburn in the Crossing at Carriage Hills and the Trailside at Carriage Hills subdivisions, and assigned to Crossing at Carriage Hills all of the rights and obligations of Milburn under the Agreement.

G. Trustee has sold and conveyed to Hallmark a portion of the remaining property owned by Trustee by Special Warranty Deed recorded as Document #9620813 in the Official Records of Williamson County, Texas, and assigned to Hallmark all of the Trustee's rights under the Agreement, as amended, to the extent, and only to the extent the same pertain to the property so conveyed to Hallmark, and Hallmark has agreed to assume all of the obligations and liabilities of Trustee to the extent, and only to the extent, the same pertain to such property.

H. The parties hereto desire to amend the Agreement as hereinafter set forth to evidence the current understandings and agreements among them.

NOW, THEREFORE, in consideration of the premises, the mutual covenants and agreements of the parties set forth below, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. In addition to the Entryway Improvements, certain landscaping, irrigation systems and other improvements (the "Lakeline Improvements") may be placed and maintained within the right-of-way of North Lakeline Boulevard (previously known as Park One North Boulevard) from F.M. 1431/Whitestone Boulevard to West New Hope Drive (the "Lakeline ROW"), and that the landscaped areas within the Lakeline ROW shall maintained in a neat and attractive condition by the parties, subject to any consent, approval, permit or other regulation of the City of Cedar Park with respect thereto. Accordingly, paragraph 2 of the Agreement is hereby amended to provide that the maintenance, repair and other services to be provided with respect to the Entryway Property and the Entryway Improvements shall be provided with respect to the Lakeline ROW and any Lakeline Improvements under the Agreement as amended hereby, and that the term "Services" as used in the Agreement shall mean and include the services described in paragraph 2 as to the Entryway Property, the Entryway Improvements, the Lakeline ROW and the Lakeline Improvements.

2. Paragraph 3 of the Agreement is hereby deleted in its entirety, and the following is substituted in the place and stead thereof:

3. Manager.

(a) On or before May 15 of each calendar year, beginning May 15, 1996, the parties hereto shall select a person or entity to perform, or to arrange for the performance of, the Services (the "Manager"). The parties shall meet at the offices of the Trustee at 10:00 a.m., or at such other place and time as the parties may agree, on April 15 of each calendar year to select the Manager. The Manager shall be selected by a majority vote of those parties attending such meeting, based on such parties' respective Prorata Share of the Expenses, as defined in paragraph 4 below. After the selection of the Manager for the calendar year beginning May 15, 1996, if the parties fail to select a new Manager, the then Manager shall automatically be deemed to have been selected.

(b) Promptly upon its selection, but in no event later than thirty (30) days after its selection, the Manager shall prepare a budget for the estimated costs and expenses to perform the Services, and shall submit the proposed budget to all of the parties hereto for review and approval. The approval of a majority of the parties hereto, based on the parties' respective Prorata Share of the Expenses, shall be

required to approve the budget; provided, the total amount of the Expenses shall not be increased to an amount equal to one hundred and five percent (105%) of the amount for the immediately preceding year without the approval of the parties responsible for at least seventy-five percent (75%) of the Prorata Share of Expenses, as hereinafter defined. After the approval of the budget for the initial calendar year, if the parties fail to approve a new budget, the budget for the immediately preceding year shall be deemed to have been approved for the following year.

(c) The Manager shall have the responsibility and authority to cause the Services to be performed, and may contract with and pay one or more competent parties to perform all or any part of the Services; provided, the maximum amount of the Expenses shall not exceed the total amount reflected in the approved budget. If the Manager fails to provide for the performance of the Services, or otherwise fails to perform the duties and obligations as set forth herein, any party hereto may give the Manager written notice of such default, and if the Manager fails to cure such default(s) within thirty (30) days after the date of such notice, any one or more of the parties hereto may (but no party shall be obligated to) perform such Services, duties or obligations, or contract with one or more parties therefor, and be reimbursed by the other parties in accordance with their Prorata Share of the Expenses; provided, the maximum amount of such reimbursement shall not exceed the amount(s) as set forth in the approved budget.

3. Paragraph 4 of the Agreement is hereby deleted in its entirety, and the following is substituted in the place and stead thereof:

4. Prorata Share of Expenses. The costs and expenses of performing the Services (the "Expenses") shall be paid by the parties hereto in the following percentages (the parties' respective "Prorata Share of Expenses"):

Trustee	- Thirteen percent (13%)
Carriage Hills One	- Thirty percent (30%)
Carriage Hills Villages	- Twenty-five percent (25%)
Crossing at Carriage Hills	- Twenty-eight percent (28%)
Hallmark	- Four percent (4%)

4. Paragraph 5 of the Agreement is hereby deleted in its entirety, and the following is substituted in the place and stead thereof:

5. Payment of Expenses. The Manager shall be responsible for receiving and reviewing all invoices and other supporting documentation for the Services. Not more than once each month, and not less than once every three (3) months, the Manager shall submit to all of the parties hereto a report, which shall include any invoices and supporting documentation for the Services performed since the date of the last report and a comparison of the Expenses incurred to the date of the report against the approved budget, along with a statement of each party's Prorata Share of Expenses, if any. Each of the parties hereto shall pay their respective Prorata Share of Expenses within fifteen (15) days after receipt of such statement from the Manager. Upon receipt of all of the parties' respective Prorata Share of Expenses, the Manager shall pay all such Expenses. If any party hereto shall fail to pay its Prorata Share of Expenses within said 15-day period, the other parties may (but shall not be obligated to) pay such Prorata Share of Expenses to the Manager, and thereafter have a claim for reimbursement against the defaulting party in the amount so paid on behalf of the defaulting party, together with interest on such amount at the rate of eighteen percent (18%) per annum, and for all additional costs, expenses and attorneys' fees that may be incurred to collect such amount. The party or parties paying a defaulting party's Prorata Share of Expenses shall not have the right to assert a lien against any portion of the property owned by the defaulting party other than a judgment lien resulting from a lawsuit to collect the amount owed. If no other party pays the Prorata Share of Expenses of the defaulting party and the defaulting party subsequently pays its Prorata Share of Expenses, such defaulting party shall in addition pay to the Manager a late fee equal to one and one-half percent (1.5%) of the amount of its Prorata Share of Expenses for each month after the above 15-day period until its Prorata Share of Expenses is so paid. Any such late fee received by the Manager shall be used and applied by the Manager to pay the Expenses, and shall not be considered additional compensation or fee for the Manager.

5. Paragraph 6 of the Agreement is hereby deleted in its entirety, and the following is substituted in the place and stead thereof:

6. Liability Insurance. The Manager shall purchase and maintain, with a company or companies authorized to do business in Texas, such insurance as will protect the Manager and the parties hereto from claims by any other party which may arise out or result from the performance of the Services by the Manager, or any of its employees, agents or contractors, or anyone else for whose acts they may be liable, including claims for property damage, bodily injury, or death, with coverage limits of at least \$2,000,000. Each of the parties hereto shall be named as additional insured on all such policies. The Manager shall deliver a certificate evidencing such insurance coverage to each of the parties hereto. The premiums for such insurance policies shall be included in the Expenses.

6. Paragraph 8 of the Agreement is hereby amended to provide that any of the parties hereto shall have the right to terminate the Agreement as provided in paragraph 8 of the Agreement.

7. Paragraph 11 of the Agreement is hereby deleted in its entirety, and the following is substituted in the place and stead thereof:

11. Assumption of Obligations. Trustee and Hallmark shall each have the right to assign all or part of their respective rights, duties and obligations under this Agreement to any future owner of all or any part of the land now owned by them and covered by this Agreement or to any homeowners association formed for the benefit of the owners of lots within all or any part of such the land and/or any other land, without the prior consent of the other parties hereto; provided, the assignee agrees in writing to assume all of the obligations and liabilities of the assigning party to the extent of the property so conveyed to the assignee or included within the boundaries of such association. Upon any such assignment in accordance with the foregoing, the assigning party shall be released from any obligations, duties, or liabilities under this Agreement arising or accruing from and after the date of such assignment.

CARRIAGE HILLS VILLAGES:

THE VILLAGES AT CARRIAGE HILLS
HOMEOWNERS ASSOCIATION, INC.

By: John Bolt Harris
Name: JOHN BOLT HARRIS
Title: SEC. / TREAS.

Date: 5/20, 1996

THE CROSSING AT CARRIAGE HILLS:

~~HOMEOWNERS ASSOCIATION, INC.~~
THE CROSSING AT CARRIAGE HILLS
HOMEOWNERS ASSOCIATION, INC.

By: Bryan Rome
Bryan Rome, President

Date: June 05, 1996

HALLMARK:

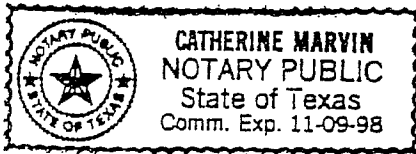
HALLMARK RESIDENTIAL DEVELOPMENT,
INC.

By: Mark A. Kilkenny
Mark A. Kilkenny, Vice President

Date: MAY 29TH, 1996

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

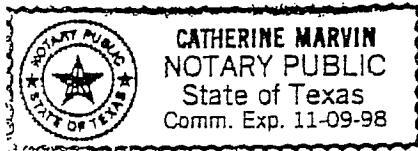
This instrument was acknowledged before me on the 22nd day of May, 1996, by Royce Reed, Vice President of NATIONSBANK OF TEXAS, N.A., a national banking association as Ancillary Trustee under the Will of Herman Aubrey Moore, on behalf of said association in such capacity.



Catherine Marvin
NOTARY PUBLIC, State of Texas
Print Name: Catherine Marvin

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

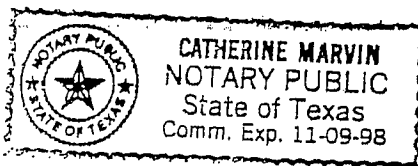
This instrument was acknowledged before me on the 20th day of May, 1996, by John Bolt Harris Sec/Treas. of THE C.P. CARRIAGE HILLS HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.



Catherine Marvin
NOTARY PUBLIC, State of Texas
Print Name: Catherine Marvin

THE STATE OF TEXAS §
§
COUNTY OF TRAVIS §

This instrument was acknowledged before me on the 20th day of May, 1996, by John Bolt Harris Sec/Treas. of THE VILLAGES AT CARRIAGE HILLS HOMEOWNERS ASSOCIATION, INC., a Texas non-profit corporation, on behalf of said corporation.



Catherine Marvin
NOTARY PUBLIC, State of Texas
Print Name: Catherine Marvin

FIRST SUPPLEMENT TO DECLARATION
OF PROTECTIVE COVENANTS

THE TRAILS AT CARRIAGE HILLS, SECTION 1
Annexation of The Trails at Carriage Hills, Section 3

THIS FIRST SUPPLEMENT TO DECLARATION OF PROTECTIVE COVENANTS (this "Supplement") is made and entered into effective as of October 9, 2000, by KAUFMAN AND BROAD OF TEXAS, LTD. ("Declarant").

WHEREAS, the Declarant filed for record that certain **Declaration of Protective for The Trails at Carriage Hills, Section 1**, on or about January 17, 1997 (the "Declaration") as **Document Number 9702222 in the Real Property Records of Williamson County, Texas** (such property referenced in the Declaration with all property annexed to such property and subject to the Declaration, hereinafter, the "Original Property"); and

WHEREAS, Article 18 of the Declaration provides that the Declarant may annex property adjacent to or adjoining the Original Property or property adjacent to or adjoining property annexed to the Original Property in accordance with the terms and conditions set forth therein; and

WHEREAS, the Declarant owns certain property located adjacent to the Original Property known as **The Trails at Carriage Hills, Section 3** as more particularly described in that certain Final Plat recorded on or about April 20, 1999 as **Document Number 9925447 of the Real Property Records of Williamson County, Texas** (the "Supplemental Property"); and

WHEREAS, Declarant desires to annex the Supplemental Property with the Original Property so that the terms, conditions, covenants and restrictions set forth in the Declaration shall apply to the Supplemental Property;

WHEREAS, unless otherwise provided in this Supplement, definitions contained in the Declaration shall have the same meaning in this Supplement; and

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt, adequacy and sufficiency of which is hereby acknowledged, Declarant hereby agrees to supplement the Declaration as follows:

1. Declaration in Effect. The foregoing recitations are true and correct.
2. Annexation of Supplemental Property. The Supplemental Property is hereby annexed into the Declaration and all terms, conditions, covenants and restrictions of the Declaration shall be applicable to the Supplemental Property, including, but not limited to the obligation to pay dues, charges and assessments to the Association that are required to maintain common areas, entry features, landscaping, drainage easements, and screening walls within the Property or future Property to be annexed with the Property.
3. No Further Changes. Except as expressly set forth herein, the Declaration shall remain unchanged and shall continue in full force and effect.

IN WITNESS WHEREOF, the Declarant has executed this First Supplement as of the date and year first above written.

DECLARANT

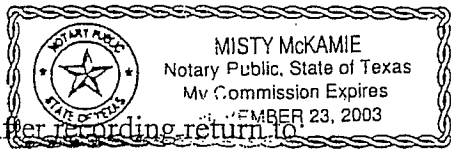
KAUFMAN AND BROAD OF TEXAS, LTD.
a Texas limited partnership

By: KBSA, Inc., its general partner

By: [Signature]
Name: JOHN H. ZINSMAYER
Title: ASST. SECRETARY

State of Texas §
 §
County of Travis §

This instrument was acknowledged before me this 2 day of October, 2000, by John H. Zinsmeyer, Assistant Secretary of KBSA, Inc., the general partner of Kaufman and Broad of Texas, Ltd., a Texas limited partnership.



Misty McKamie
Notary Public, State of Texas

After recording return to:
Kaufman and Broad Lone Star, L.P.
Attn: Legal Department
P.O. Box 5250
San Antonio, Texas

FILED AND RECORDED
OFFICIAL PUBLIC RECORDS

Nancy E. Rister
10-19-2000 10:43 AM 2000070094
JACKIE \$11.00
NANCY E. RISTER, COUNTY CLERK
WILLIAMSON COUNTY, TEXAS